

**TOWN OF ALTAMONT**  
**ALTAMONT, UTAH**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**Year ending June 30, 2005**

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## Financial Section



# AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
AMERICAN INSTITUTE  
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and  
UTAH ASSOCIATION  
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## Independent Auditors' Report

Town of Altamont  
Altamont, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, aggregate remaining fund information, and budgetary comparison information of the Town of Altamont as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Altamont's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, aggregate remaining fund information, and budgetary comparison information of the Town of Altamont as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2005 on our consideration of the Town of Altamont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 9 and the schedule of infrastructure on page 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

**Aycock, Miles & Associates, CPAs**

November 7, 2005

## **Management's Discussion and Analysis**

As management of the Town of Altamont (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2005.

### **Financial Highlights**

- Assets exceeded liabilities at closest year-end:  $\$1,326,052 - \$289,887 = \$1,036,165$ . Of this amount, \$251,054 is unrestricted and available to meet the Town's ongoing obligations.
- The Town had \$269,200 in long-term debt at the closest year-end, an increase of \$256,400.
- The Town has almost completed an irrigation system that will ultimately cost about \$520,000. The Town financed the project with a Utah State Community Impact Board loan of \$259,600 and grants of \$293,242.
- Net assets increased by \$294,958 from the prior year. If it were not for the grants of \$293,242, the net asset change would have been an increase of \$1,716.
- The Town's total assets of \$1,326,052 were 36% cash and receivables.
- Current assets exceed current liabilities at closest year-end:  $\$477,506 - \$29,807 = \$447,699$ .
- Current assets exceed all liabilities at closest year-end:  $\$477,506 - \$289,887 = \$187,619$ .

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**—The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the Town is general administration, parks, roads, cemetery and fire department. The Town's business-type activities include a utility fund only.

Governmental-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements**—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund (roads) and the capital projects fund. The Town considers all three governmental funds to be major funds.

**Proprietary funds**—Of the two type of proprietary funds, enterprise and internal service funds, the Town maintains one individual enterprise funds: a utilities fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the governmental fund balance sheet and the proprietary fund statement of revenues, expenditures, and changes in net assets for both of these proprietary funds. The Town considers the utilities fund to be a major fund.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund and the special revenue fund (roads) to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 14-20 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-29 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$1,036,165 at the close of the most recent fiscal year.

The largest portion of the Town's net assets was capital assets. Unrestricted net assets accounted for 24% of the Town's total net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Legally restricted assets comprise 20%. Capital assets comprised 56% of total net assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Net Assets	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Current and other assets	\$ 257,355	\$ 242,671	\$ 220,151	\$ 80,456
Net capital assets	104,358	118,043	744,188	325,982
Total assets	361,713	360,714		406,438
Current liabilities	(16,033)	(14,396)	(13,775)	(3,402)
Long-term liabilities	-	-	(260,079)	(8,147)
Total liabilities	(16,033)	(14,396)	(273,854)	(11,549)
Net assets:				
Capital assets, net of related debt	104,358	118,043	474,988	313,182
Restricted	151,887	36,254	53,879	-
Unrestricted	89,435	192,021	161,618	81,707
Total net assets	\$ 345,680	\$ 346,318	\$ 690,485	\$ 394,889

Capital projects are, for the most part, fully funded by grants and loans, town participation, and property tax revenues which exceed remaining operating and administration expenses.

**Government activities—**Key elements of the governmental activities and business-type activities are as follows.

Change in Net Assets	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Program revenues:				
Charges for services	\$ 19,222	\$ 17,279	\$ 30,270	\$ 17,338
Operating grants	12,080	28,919	-	100
Capital grants	-	-	293,242	17,382
General revenues:				
Property taxes	15,742	17,667	-	-
Sales tax	42,058	37,717	-	-
Earnings on investments	5,348	3,919	8,401	1,208
Total revenues	94,450	105,501	331,913	36,028
Expenses:				
General government	46,163	49,942	-	-
Public safety	15,469	44,693	-	-
Highways and streets	7,328	7,528	-	-
Cemetery	10,540	10,263	-	-
Sanitation	10,929	10,624	-	-
Culture and recreation	4,401	5,417	-	-
Utilities	-	-	36,575	31,064
Total expenses	94,830	128,467	36,575	31,064
Transfers:	(258)	(1)	258	1
Increase in net assets	\$ (638)	\$ (22,967)	\$ 295,596	\$ 4,965

Capital grants in the utility fund caused a large increase in net assets, but without that grant the change in net assets would have been similar to the prior year. Administration expenses remained relatively consistent. Public safety expenses were higher in the previous year due to expenditures for new equipment; roads, cemetery, and recreation were similar to last year.

## Financial Analysis of the Government's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are two types of funds: governmental funds and proprietary funds.

**Governmental funds**—The focus of the Town's governmental funds is to provide information on near-term flows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$241,293, an increase of \$13,386 in comparison with the prior year. This total fund balance amount is \$204,524 reserved and \$36,769 unreserved. Unreserved fund balances are available for spending at the government's discretion.

At the most recent fiscal year, the fund balance of the general fund was \$178,592, an increase of \$37,945; the special revenue fund was \$10,064, a decrease of \$25,823; and the capital project fund was \$52,637, an increase of \$1,264. A transfer of \$32,720 from the special revenue fund to the general fund was a factor in the changes in fund balance.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, reserved fund balance of the general fund was \$141,823 and unreserved fund balance was \$36,769. As a measure of the general fund's liquidity, it may be useful to compare both unreserved general fund balance and total fund balance to total fund expenditures—in this case, the same amount. Unreserved fund balance represents 48% of total general fund expenditures, a 6% improvement from the prior year.

**Proprietary funds**—The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The balance of net assets of the utilities fund consisted of unrestricted net assets of \$161,618, restricted net assets of \$53,879, and capital assets net of related debt of \$474,988. The utility fund's net assets grew \$295,596 largely due to a capital grant of \$293,242. Other factors concerning the finances of this proprietary fund have already been addressed in the discussion of the Town's business-type activities.

## Fund Budgetary Highlights

Amendments may be made to the funds' original budgets to more accurately reflect the expected expenses and revenue as the year progresses. The Town decreased its budgeted expenses by \$34,885 for the recent fiscal year.

## Capital Asset and Debt Administration

**Capital assets**—The Town's investment in capital assets for its governmental activities as of June 30, 2005 amounts to \$104,358 (net of accumulated depreciation), a decrease of \$13,685. Governmental activity net capital assets decreased because asset purchases were less than depreciation of \$13,685. Business-type activities' capital assets were \$744,188 (net of accumulated depreciation), an increase of \$418,206. Business-type activity net capital assets increased because investment in an irrigation system of \$433,380 exceeded depreciation of \$15,174.

Net Capital Assets	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Infrastructure & land	\$ 5,000	\$ 5,000	\$ 40,723	\$ 40,723
Buildings & equipment, net of depreciation	99,358	113,043	703,465	285,259
Total assets	<u>\$ 104,358</u>	<u>\$ 118,043</u>	<u>\$ 744,188</u>	<u>\$ 325,982</u>



**Long-term debt**—The Town had long-term debt activity for two revenue bonds during the year. As noted in the chart below, the Town's Utility Fund increased by financing about one-half of an irrigation system.

Long-term Debt	2005	2004
<b>Governmental Activities:</b>		
No debt activity	\$ -	\$ -
<b>Business-type Activities:</b>		
State of Utah Revenue Bond	9,600	12,800
State of Utah Revenue Bond	259,600	-
Total	<u>\$ 269,200</u>	<u>\$ 12,800</u>

### **Economic Factors and Next Year's Budgets and Rates**

The Town's budget for next year is relatively similar to most recent year's actual expenses. No changes in budgeted tax revenues have been made for the next fiscal year. The tax rates are set to reach the same budgeted revenues.

### **Modified Approach to Infrastructure Assets**

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. The Town has elected to not depreciate its infrastructure and therefore has adopted the modified approach. The modified approach requires a target condition and a condition assessment to be made at least every three years. This is the first year that the Town has published a condition assessment for its infrastructure. Although there are no years of comparable information, the Town does not believe that the current condition has deviated significantly from prior years. The Town believes that the current conditions of its roads and bridges can be maintained with the same level of expenditures that occurred during the most recent year end. Please refer to page 30 of these financial statements for a schedule of road conditions and target assessments.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town's secretary, Melba Markham, at (435) 454-3469.

**Town of Altamont**  
**STATEMENT OF NET ASSETS**  
*June 30, 2005*

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 236,502	\$ 163,727	\$ 400,228
Cash restricted	-	53,879	53,879
Accounts receivable--property taxes	11,059	-	11,059
Accounts receivable--other	9,441	2,899	12,340
Internal balances	<u>353</u>	<u>(353)</u>	<u>-</u>
Total Current Assets	257,355	220,151	477,506
Non Current Assets:			
Capital assets:			
Infrastructure & land	5,000	40,723	45,723
Buildings & equipment, net of accum. depreciation	<u>99,358</u>	<u>703,465</u>	<u>802,823</u>
Total Non Current Assets	<u>104,358</u>	<u>744,188</u>	<u>848,546</u>
Total Assets	<u>\$ 361,713</u>	<u>\$ 964,339</u>	<u>\$ 1,326,052</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 4,493	\$ 131	\$ 4,624
Accrued payroll and payroll taxes	540	-	540
Accrued interest expense	-	5,408	5,408
Current portion note payable	-	8,235	8,235
Deferred property tax revenue	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Total Current Liabilities	16,033	13,775	29,807
Non Current Liabilities:			
Unamortized discount	-	(886)	(886)
Note payable, C.I.B.	<u>-</u>	<u>260,965</u>	<u>260,965</u>
Total Non Current Liabilities	<u>-</u>	<u>260,079</u>	<u>260,079</u>
Total Liabilities	16,033	273,854	289,887
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	104,358	474,988	579,346
Restricted (i.e. C roads, restricted cash)	151,887	53,879	205,766
Unrestricted	<u>89,435</u>	<u>161,618</u>	<u>251,054</u>
Total Net Assets	<u>345,680</u>	<u>690,485</u>	<u>1,036,165</u>
Total Liabilities & Net Asset Balances	<u>\$ 361,713</u>	<u>\$ 964,339</u>	<u>\$ 1,326,052</u>

**Town of Altamont**  
**STATEMENT OF ACTIVITIES**  
*For the year ending June 30, 2005*

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total		
				Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
General government	\$ 46,163	\$ -	\$ -	\$ (44,713)	\$ -	\$ (44,713)
Public safety	15,469	300	-	(13,824)	-	(13,824)
Highways and streets	7,328	10,980	-	3,702	-	3,702
Sanitation	10,929	-	-	(1,302)	-	(1,302)
Cemetery	10,540	800	-	(4,740)	-	(4,740)
Culture and recreation	4,401	-	-	(2,651)	-	(2,651)
Community & economic development	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>94,830</b>	<b>12,080</b>	<b>-</b>	<b>(63,528)</b>	<b>-</b>	<b>(63,528)</b>
<b>Business-type Activities:</b>						
Utilities	36,575	-	293,242	-	286,937	286,937
<b>Total Business-type Activities</b>	<b>36,575</b>	<b>-</b>	<b>293,242</b>	<b>-</b>	<b>286,937</b>	<b>286,937</b>
<b>Total Primary Government</b>	<b>\$ 131,406</b>	<b>\$ 12,080</b>	<b>\$ 293,242</b>	<b>(63,528)</b>	<b>286,937</b>	<b>223,409</b>
<b>General Revenues:</b>						
Property taxes				15,742	-	15,742
Sales tax				42,058	-	42,058
Earnings on investments				5,348	8,401	13,750
<b>Transfers</b>				<b>(258)</b>	<b>258</b>	<b>-</b>
<b>Total General Revenues</b>				<b>62,891</b>	<b>8,659</b>	<b>71,550</b>
Change in Net Assets				(638)	295,596	294,958
<b>Beginning Net Assets</b>				<b>346,318</b>	<b>394,889</b>	<b>741,207</b>
<b>Ending Net Assets</b>				<b>\$ 345,680</b>	<b>\$ 690,485</b>	<b>\$ 1,036,165</b>

See accompanying notes. Page 11

**Town of Altamont**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
*June 30, 2005*

**Total Fund Balances for Governmental Funds** **\$ 241,293**

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	5,000	
Buildings and equipment	673,095	
Accumulated depreciation	<u>(573,737)</u>	
		104,358

Long-term debt, for funds other than enterprise funds, are recorded in the government-wide financial statements but not in the fund statements. -

Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements. 29

**Total Net Assets of Governmental Activities** **\$ 345,680**

**Town of Altamont**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*For the year ending June 30, 2005*

**Net Change in Fund Balances--Total Governmental Funds** **\$ 13,386**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	-
Depreciation	<u>(13,685)</u>
Net	(13,685)

Government funds do not report delinquent taxes as revenue because these revenues are not available for current period expenses. (339)

Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability. -

**Change in Net Assets of Governmental Activities** **\$ (638)**

**Town of Altamont**  
**BALANCE SHEET--GOVERNMENTAL FUNDS**  
*June 30, 2005*

	Governmental Funds			Total
	General Fund	Special Revenue Fund (Roads)	Capital Projects Fund	
<b>Assets</b>				
Cash & savings	\$ 173,664	\$ 10,201	\$ 52,637	\$ 236,502
Cash restricted	\$ -	\$ -	\$ -	-
Due from other funds	353	-	-	353
Accounts receivable--property taxes	11,059	-	-	11,059
Accounts receivable (net of allowance)	7,261	2,181	-	9,441
<b>Total Assets</b>	<b>\$ 192,336</b>	<b>\$ 12,381</b>	<b>\$ 52,637</b>	<b>\$ 257,354</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,175	\$ 2,317	\$ -	\$ 4,492
Accrued payroll liabilities	540	-	-	540
Due to other funds	-	-	-	-
Deferred property tax revenue	11,028	-	-	11,028
<b>Total Liabilities</b>	<b>13,744</b>	<b>2,317</b>	<b>-</b>	<b>16,061</b>
<b>Fund Balances</b>				
Fund Balances:				
Reserved:				
Cemetery	109,103	-	-	109,103
Roads	32,720	10,064	-	42,784
Capital Projects	-	-	52,637	52,637
Unreserved	36,769	-	-	36,769
<b>Total Fund Balances</b>	<b>178,592</b>	<b>10,064</b>	<b>52,637</b>	<b>241,293</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 192,336</b>	<b>\$ 12,381</b>	<b>\$ 52,637</b>	<b>\$ 257,354</b>

**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS**  
*For the year ending June 30, 2005*

	General Fund	Special Revenue Fund (Roads)	Capital Projects Fund	Total
<b>Revenues</b>				
Taxes	\$ 58,139	\$ -	\$ -	\$ 58,139
Licenses and permits	760	-	-	760
Charges for services	17,754	-	-	17,754
Intergovernmental	300	10,980	-	11,280
Royalties and interest	3,997	88	1,264	5,348
Miscellaneous revenues	1,457	50	-	1,507
Total Operating Revenue	82,407	11,118	1,264	94,789
<b>Expenditures</b>				
General government	45,083	-	-	45,083
Public safety	13,432	-	-	13,432
Highways and streets	-	4,221	-	4,221
Sanitation	10,929	-	-	10,929
Cemetery	6,489	-	-	6,489
Culture, recreation, parks	991	-	-	991
Community & economic development	-	-	-	-
Capital outlay:				
General	-	-	-	-
Parks	-	-	-	-
Fire	-	-	-	-
Roads	-	-	-	-
Total Operating Expenditures	76,924	4,221	-	81,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,483	6,897	1,264	13,643
<b>Other Financing Sources and (Uses)</b>				
Operating transfers in (out)	32,462	(32,720)	-	(258)
Net Change in Fund Balances	37,945	(25,823)	1,264	13,386
Fund Balances--Beginning of Year	140,647	35,887	51,373	227,907
Fund Balances--End of Year	\$ 178,592	\$ 10,064	\$ 52,637	\$ 241,293

**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL--GENERAL FUND**  
*For the year ending June 30, 2005*

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 41,000	\$ 58,500	\$ 58,139	\$ (361)
Licenses and permits	650	650	760	110
Charges for services	14,450	21,020	17,754	(3,266)
Intergovernmental	15,150	300	300	(0)
Royalties and interest	2,200	3,530	3,997	467
Miscellaneous revenues	-	1,300	1,457	157
Total Operating Revenue	73,450	85,300	82,407	(2,893)
<b>Expenditures</b>				
General government	64,000	59,800	45,083	14,717
Public safety	18,000	14,000	13,432	568
Highways and streets	-	-	-	-
Sanitation	11,500	11,500	10,929	571
Cemetery	8,000	7,500	6,489	1,011
Culture, recreation, parks	10,000	4,900	991	3,909
Community & economic development	-	-	-	-
Capital outlay:				
General	11,385	-	-	-
Parks	-	-	-	-
Fire	-	-	-	-
Roads	-	-	-	-
Total Operating Expenditures	122,885	97,700	76,924	20,776
Excess of Revenues Over (Under)				
Operating Expenditures	(49,435)	(12,400)	5,483	17,883
<b>Other Financing Sources and (Uses)</b>				
Operating transfers in (out)	-	-	32,462	32,462
Excess of Revenues and Other				
Financing Sources Over (Under)				
Expenditures & Other Financing	(49,435)	(12,400)	37,945	50,345
Fund Balances--Beginning of Year	140,647	140,647	140,647	-
Fund Balances--End of Year	\$ 91,212	\$ 128,247	\$ 178,592	\$ 50,345



**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL--SPECIAL REVENUE FUND (Roads)**  
*For the year ending June 30, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	15,000	11,900	10,980	(920)
Royalties and interest	-	-	88	88
Miscellaneous revenues	-	-	50	50
<b>Total Operating Revenue</b>	<b>15,000</b>	<b>11,900</b>	<b>11,118</b>	<b>(782)</b>
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	12,000	2,300	4,221	(1,921)
Sanitation	-	-	-	-
Culture, recreation, parks	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay:				
General	-	-	-	-
Parks	-	-	-	-
Fire	-	-	-	-
Roads	-	-	-	-
<b>Total Operating Expenditures</b>	<b>12,000</b>	<b>2,300</b>	<b>4,221</b>	<b>(1,921)</b>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 3,000	 9,600	 6,897	 (2,703)
<b>Other Financing Sources and (Uses)</b>				
Operating transfers in (out)	-	-	(32,720)	(32,720)
 Net Change in Fund Balances	 3,000	 9,600	 (25,823)	 (35,423)
 Fund Balances--Beginning of Year	 35,887	 35,887	 35,887	 -
Fund Balances--End of Year	<u>\$ 38,887</u>	<u>\$ 45,487</u>	<u>\$ 10,064</u>	<u>\$ (35,423)</u>

**Town of Altamont**  
**STATEMENT OF NET ASSETS--PROPRIETARY FUNDS**  
*June 30, 2005*

	<u>Proprietary Funds</u>
	<u>Enterprise</u>
	<u>(Utilities)</u>
<b>ASSETS</b>	
Current Assets:	
Cash & savings	\$ 163,727
Cash, restricted for irrigation project	53,879
Accounts receivable--customers	<u>2,899</u>
Total Current Assets	220,504
Non Current Assets:	
Capital assets:	
Land	40,723
Buildings & equipment	1,102,339
Accumulated depreciation	<u>(398,874)</u>
Total Non Current Assets	<u>744,188</u>
Total Assets	<u>\$ 964,692</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 131
Accrued payroll and payroll taxes	-
Accrued interest expense	5,408
Due to general fund	353
Current portion note payable	<u>8,235</u>
Total Current Liabilities	14,128
Non Current Liabilities:	
Unamortized discount	(886)
Notes payable, long-term portion	<u>260,965</u>
Total Non Current Liabilities	<u>260,079</u>
Total Liabilities	274,207
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	474,988
Restricted (expendable grant & bond proceeds)	53,879
Unrestricted	<u>161,618</u>
Total Net Assets	<u>690,485</u>
Total Liabilities & Net Asset Balances	<u>\$ 964,692</u>

**Town of Altamont**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**

*For the year ending June 30, 2005*

	<u>Proprietary Funds</u>
	Enterprise
	(Utilities)
<b>Operating Revenues</b>	
Charges for services:	
Sewer	\$ 14,212
Irrigation	16,058
Miscellaneous	-
Total operating revenues	<u>30,270</u>
<b>Operating Expenses</b>	
Wages, labor & benefits	6,672
Supplies	243
Utilities	186
Irrigation assessment	1,474
Professional fees	3,250
Insurance	3,347
Interest expense	5,975
Miscellaneous	253
Depreciation	<u>15,174</u>
Total operating expenses	<u>36,575</u>
Operating income (loss)	(6,305)
<b>Non-Operating Revenue (Expenses)</b>	
Transfers in or out	258
Interest and royalties revenue	<u>8,401</u>
Total non-operating revenue (expense)	8,659
<b>Other Revenues (Expenses)</b>	
Grants	<u>293,242</u>
Net Income (Loss) before Transfers	295,596
Retained earnings-beginning	<u>394,889</u>
Retained earnings-ending	<u>\$ 690,485</u>

**Town of Altamont**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the year ending June 30, 2005*

	<u>Proprietary Funds</u>
	Enterprise
	(Utilities)
<b>Cash Flows from Operations</b>	
Receipts from services	\$ 28,618
Paid for labor and wages	(6,319)
Paid for supplies and services	(8,825)
Net Cash Flows	<u>13,474</u>
<b>Cash Flows from Non-Capital Financing</b>	
Transfers	258
Donations	-
Net Cash Flows	<u>258</u>
<b>Cash Flows from Capital Financing</b>	
Principal payments--revenue bonds	(3,200)
Loan proceeds	259,600
Capital grants received	293,242
Net Cash Flows	<u>549,642</u>
<b>Cash Flows from Investing Activities</b>	
Acquisition of assets	(433,380)
Received from interest and royalties	8,401
Net Cash Flows	<u>(424,979)</u>
<b>Net Increase (Decrease) in Cash</b>	<b>138,395</b>
Cash Balance - Beginning of Year	<u>79,211</u>
Cash Balance - End of Year	<u><b>\$ 217,606</b></u>
<b>Reconciliation of Operating Income</b>	
<b>to Net Cash Provided from Operating Activity</b>	
Operating income (loss)	\$ (6,305)
Operating items not involving cash:	
Depreciation	15,174
Interest expense amortization	5,975
(Increase) decrease in accounts receivable	(1,653)
Increase (decrease) in payables, etc.	282
Net Cash Provided by Operating Activities	<u><b>\$ 13,474</b></u>

*Supplementary Information: Cash paid for interest expense was \$0.*

**Town of Altamont**  
**Notes to the Financial Statements**  
June 30, 2005

**Note 1 Summary of Significant Accounting Policies**

**Reporting Entity**—The accounting policies of the Town of Altamont conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the Town has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and the (1) ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. The Town has no component units and is not a component unit. The following is a summary of the more significant policies:

**Government-Wide and Fund Financial Statements**—The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as

**Town of Altamont**  
**Notes to the Financial Statements**  
June 30, 2005

revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund (roads)* is a fund set up to track B & C road revenues and their expenditures.

The *capital projects fund* is the government's fund to account for capital projects and overhead that can be submitted to grantors for reimbursement.

The Town reports the following major proprietary funds:

The *utilities fund* is used to account for the activities regarding sewer and irrigation management.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Indirect charges are not allocated but are charged to the general administration department.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's two proprietary funds are service charges for the use of a sewer system and fees collected for cemetery usage.

**Application of Accounting Pronouncements**—Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

**Deposits and Investments**—The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**—All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible amounts. Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., the non-current portion of interfund loans). Advances between funds, as

**Town of Altamont**  
**Notes to the Financial Statements**  
**June 30, 2005**

reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Property Taxes**—The property tax revenue of the Town is collected and distributed by Duchesne County. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. The tax assessments are considered past due January 15 after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Utah State legislation requires motor vehicles be subject to an age based fee that is due each time a vehicle is registered. The age based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each County from motor vehicle fees is distributed by the County to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The Town recognizes motor vehicle fees as property tax revenue when collected by the County.

As of June 30, 2005, property taxes receivable by the Town includes uncollected taxes assessed as of the January 1, 2005 or earlier. The County expects that all taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

**Inventories and Prepaid Items**—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**—At times, the Town may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted resources are applied first when eligible expenses are incurred.

**Capital Assets**—Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is not depreciated. A modified approach will be used to disclose infrastructure activity.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**Town of Altamont**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2005*

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Equipment	8
Vehicles	5
Office equipment	5
Computer equipment	3

**Compensated Absences**—The government's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave because the government does have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations, retirements or certain limits.

**Long-term Obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**—Comparative total data for the prior year, if presented, have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Use of Estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**Town of Altamont**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2005*

**Budgetary Data**—Budgets are presented on the modified accrual basis of accounting for all governmental funds of the Town. The following procedures are used in establishing the budgetary data:

- Towards the end of each fiscal year, the council prepares the budget for all applicable funds.
- Copies of the budget are made available for public inspection for seven days prior to adoption.
- The Board holds a public hearing on or before June 22 of each year to receive public comment on the budget. Notice of such meeting to be published in newspaper or posted 2 weeks prior to hearing.
- By June 22, the proposed tax rate and budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final budget is adopted by June 22. A copy of the budget is certified by the budget officer and filed with County Auditor within thirty days of adoption.
- The proposed or final tax rate must also be submitted to the County Auditor by June 22. If the Town sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing has been held. Until the hearing is held and a final budget and tax rate are adopted, the Town may expand monies based on, 1) its tentative budget after adoption, or 2) its prior year's adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17 (copy due to the County Auditor within thirty days of adoption). Budgeted property taxes are the basis for determining the property tax levy.
- Budget shall be in effect subject to later amendment and shall be available for public inspection.
- Board may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply.
- Board may increase the total budget in a fund after meeting notification and public hearing.

**Exposures to Risks of Loss**—The Town minimizes its exposure to risks of loss through the purchase of commercial insurance. The Town considers uninsured exposure to risks of loss as immaterial.

**Interfund Transfers**—Funds were transferred between funds for the purpose of cash management.

**Interest Expense as a Direct Expense**—Interest expense is included as direct expenses of the applicable function. The business activity utility function includes \$5,975 interest expense.

**Town of Altamont**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2005*

**Note 2 Capital Assets**

A summary of capital asset activity is listed below. These figures include the proprietary funds.

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
<b>Governmental Funds:</b>				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
General	361,086	-	-	361,086
Roads & streets	59,730	-	-	59,730
Public safety, fire	163,818	-	-	163,818
Cemetery	29,857	-	-	29,857
Parks and recreation	58,606	-	-	58,606
Sub-total	678,097	-	-	678,097
<b>Proprietary Funds:</b>				
Land	40,723	-	-	40,723
Sewer & irrigation system	668,959	433,380	-	1,102,339
Sub-total	709,682	433,380	-	1,143,062
<b>Accumulated Depreciation:</b>				
Proprietary funds	(383,700)	(15,174)	-	(398,874)
Governmental funds	(560,054)	(13,685)	-	(573,739)
Sub-total	(943,754)	(28,859)	-	(972,613)
Net Totals	<u>\$ 444,025</u>	<u>\$ 404,521</u>	<u>\$ -</u>	<u>\$ 848,546</u>

Depreciation expense for the year ended June 30, 2005 was allocated to functions of the Town's governmental activities as follows:

<u>Governmental Funds</u>	
General	\$ 1,080
Roads & streets	\$ 3,107
Public safety, fire	2,037
Cemetery	4,051
Parks and recreation	3,410
Total	<u>\$ 13,685</u>

<u>Proprietary Funds</u>	
Utilities (Sewer & Irrigation)	\$ 15,174
Total	<u>\$ 15,174</u>

**Town of Altamont**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2005*

**Note 3 Cash Deposits and Investments**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Town follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

***Deposits***

***Custodial Credit Risk***—Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2005, \$76,364 of the Town's bank balances of \$176,364 was uninsured and uncollateralized. The Town's carrying balance for deposits was \$174,524.

***Investments***

The Money Management Act defines the types of securities authorized as appropriate investments for the Town and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**Town of Altamont**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2005*

As of June 30, 2005, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund	\$ 194,410	\$ 194,410	\$ -	\$ -	\$ -
Certificate of Deposit	85,173	-	85,173	-	-
Total	<u>\$ 279,583</u>	<u>\$ 194,410</u>	<u>\$ 85,173</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

**Credit Risk**—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At June 30, 2005, the Town had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	\$ 194,410	\$ -	\$ -	\$ -	\$ 194,410
Certificate of Deposit	85,173	-	-	-	85,173
Total	<u>\$ 279,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,583</u>

**Concentration of Credit Risk**—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

**Custodial Credit Risk**—Custodial credit risk is the risk that, in the event of a bank failure, the Town's investment may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2005, \$85,173 of the Town's investment balances (certificate of deposit) of \$85,173 was uninsured and uncollateralized. Other cash deposits held at the same bank take advantage of Credit Union insurance.

**Town of Altamont**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2005*

**Note 4 Long-term Obligations**

Long-term Obligation	June 30, 2004	Additions	Deletions	June 30, 2005	Current Portion
<b><u>Governmental Funds</u></b>					
A--No activity	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>Enterprise Funds</u></b>					
B--Utah State Division of Finance Revenue Bond, due in annual installments of \$3,200 through fiscal year 2008; interest at 0%	12,800	-	(3,200)	9,600	3,200
C--Utah State Division of Finance Revenue Bond, due in annual installments of \$12,446 through fiscal year 2034; interest at 2.5%	-	259,600	-	259,600	5,035
Totals	<u>\$ 12,800</u>	<u>\$ 259,600</u>	<u>\$ (3,200)</u>	<u>\$ 269,200</u>	<u>\$ 8,235</u>

The general fund typically pays governmental fund debt, when applicable. The annual requirements to amortize all debt outstanding as of June 30, 2005 are as follows:

Year	Principal	Interest	Total
2006	\$ 8,235	\$ 7,055	\$ 15,290
2007	9,282	6,364	15,646
2008	9,434	6,212	15,646
2009	6,390	6,056	12,446
2010	6,550	5,896	12,446
2011-15	35,287	26,944	62,231
2016-20	39,923	22,307	62,230
2021-25	45,171	17,059	62,230
2026-30	51,106	11,124	62,230
2031-35	57,822	4,410	62,232
Totals	<u>\$ 269,200</u>	<u>\$ 113,427</u>	<u>\$ 382,627</u>

**Unamortized Discount**--The Town obtained one revenue bond from the State of Utah which was non-interest bearing. In accordance with the AICPA's Accounting Principles Board Opinion (APB) 21, interest must be imputed and the resulting discount to be reported as a gain in the period in which the bond obligations were obtained. The discount will be amortized as interest expense over the payment period of the bond using the interest method amortization. The Town used an imputed interest rate of 5%.

**Note 5 Lease Commitment and Construction Commitment**

The Town has entered into an agreement with Duchesne County to pay the County \$2,250/year for 16 years for the use of fire equipment. The lease payment began for Altamont in year 2003. The Town's utility fund will complete an irrigation system in the summer of 2005. Completion of the project is estimated at an additional \$60,000.

**Town of Altamont**  
**SCHEDULE OF CONDITION ASSESSMENT FOR INFRASTRUCTURE**  
**Required Supplemental Information**  
*June 30, 2005*

<u>Type of Infrastructure:</u>	<u>Condition Assessment (5 is best)</u>					<u>Total Miles</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
<u>Roads</u>						
Paved road 24' wide, 30' wide with shoulders	-	-	3	-	-	3
Actual Percentage	0%	0%	100%	0%	0%	
Target Condition Percentage	10%	10%	80%	0%	0%	
Gravel roads with no shoulders--18' to 24' wide	-	-	1	-	-	1
Actual Percentage	0%	0%	100%	0%	0%	
Target Condition Percentage	10%	10%	80%	0%	0%	
Dirt roads with no shoulders--16' to 24' wide	-	-	-	-	-	-
Actual Percentage	0%	0%	0%	0%	0%	
Target Condition Percentage	10%	10%	80%	0%	0%	

Estimated annual amount at beginning of fiscal year to maintain and preserve the condition level established compared with the amounts actually expended in the past five reporting periods.

<b>Year</b>	<b>Budget</b>	<b>Actual</b>
2005	2,300	4,221
2004	24,000	3,973
2003	3,000	2,974
2002	14,100	6,016
2001	4,500	4,011

**Note:**

An assessment of 1 indicates a poor road condition and a 5 indicates the best road condition. The Town of Altamont has adopted the above listed targets for road conditions. The Town has the opportunity to adopt a new standard as necessary. The Town assessed the entire system in the fiscal year-end June 30, 2004. The Town has agreed to assess road conditions at least once every three years.



## **Other Information**



# **AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

## **CERTIFIED PUBLIC ACCOUNTANTS**

Members of  
AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS  
and  
UTAH ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS

### **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Town Council  
Altamont, Utah

We have audited the financial statements of the Town of Altamont as of and for the year ended June 30, 2005, and have issued our report thereon dated November 7, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Aycock, Miles & Associates, CPAs**

November 7, 2005





**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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### **Utah State Compliance Report**

Town Council  
Altamont, Utah

We have audited the general purpose financial statements of Town of Altamont, Utah, for the year ended June 30, 2005, and have issued our report thereon dated November 7, 2005. Our audit included test work on the Town's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Purchasing Requirements  
Property Tax

Cash Management  
Budgetary Compliance  
Other Compliance Requirements

As part of our audit, we have audited Altamont Town's compliance with the requirements governing types of services allowed or disallowed; eligibility; matching; level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended June 30, 2005. The Town did receive major State assistance programs from the State of Utah Community Impact Board.

The management of Town of Altamont is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed one instance of noncompliance. The road department expenditures exceeded its annual budget. In response to this finding, the Town will monitor its actual expenses and revise the budget if necessary.

In our opinion, the Town of Altamont, Utah, complied, in all material respects, with the general and major compliance requirements identified above for the year ended June 30, 2005.

**Aycock, Miles & Associates, CPAs**

November 7, 2005